



CITY OF HOUSTON
Administration and Regulatory Affairs Department
Strategic Purchasing Division

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October 20, 2009

SUBJECT: **Letter of Clarification 1**

REFERENCE: **Request for Proposal No.: S37-T23378**
for Credit Card Services

TO: **All Prospective Proposers:**

This Letter of Clarification is issued for the following reasons:

• **To clarify the above referenced solicitation as follows:**

- 1.0** Reference Section II., Scope of Work, Sub-Section 3.5.6.4, page 24 of 64 and Attachment A, Section VII, page 31 of 64, Parks & Recreation Department – Park Sites: The following two (2) additional locations are added as sites and payment addresses:

Memorial Park Tennis Center
1500 Memorial Loop
Houston, Texas 77008

HPARD Permits
2999 South Wayside Dr.
Houston, Texas 77023

- 2.0** Reference Section II., Scope of Work, Sub-Section 2.2, page 19, the Parks & Recreation Department has a total of 10 credit card machines at 9 locations. The Memorial Park Golf Course located at 1001 Memorial Park Loop E., Houston, Texas 77007 has 2 credit card machines with 2 separate merchant codes.

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

- 1.0** Does the City of Houston charge convenience fees for any credit card payment accepted today. If yes, who manages the convenience fees? If no, does the City intend on using convenience fees under this new contract?

ANSWER: a) The Administration & Regulatory Affairs Department charges a 2.33% convenience fee for credit card transactions and plans to continue to use convenience fees to recover costs related to credit card processing.

The Convention & Entertainment Facilities Department does not charge a convenience fee and does not want to charge convenience fees;

The Houston Fire Department does not charge a convenience fee but would like to charge them under the new contract;

The Houston Police Academy does not charge convenience fees;

The Municipal Courts Administration Department does not charge convenience fees but would like to assess convenience fees for online transactions only;

The Parks & Recreation Department does not charge convenience fees;

The Planning & Development Department does not charge convenience fees;

Public Works & Engineering does not charge convenience fees but would consider charging them under the new contract.

- b) GovPartner/CDP manages the convenience fee for ARA/Commercial Permitting. GovPartner/CDP identifies the fee and then passes it as part of the payment transaction to Cybersource which then passes the information to the vendor.

2.0 Can you provide the total estimate of dollars and transactions for all of the locations listed in the document?

ANSWER: Administration & Regulatory Affairs Department

The total estimated number of permits processed annually for ARA is 40,000. The total estimated dollars of transactions is \$3.5 million.

Convention & Entertainment Facilities Department

The total estimated number of transactions processed annually for CEF is 1059. The total estimated dollars of transactions is \$ 430,643.50.

Houston Fire Department

The total estimated number of transactions processed annually for HFD is 3000. The total estimated dollars of transactions is \$ 1.1 million.

Houston Police Academy

The total estimated number of transactions processed annually for HPD is 2. The total estimated dollars of transactions is \$ 125.00.

Municipal Courts Administration Department

The total estimated number of transactions processed annually for MCAD is 348,500. The total estimated dollars of transactions is \$44,250,000.

Parks and Recreation Department - Park Sites

The Parks Department does not track dollars or number of credit card transactions for any of its locations.

Public Works and Engineering Department – Planning and Development Services

The total estimated number of transactions processed annually for PWE is 55,600. The total estimated dollars of transactions is \$12,030,290.

Planning and Development Department

The total estimated number of transactions processed annually for P&D is 455.

The total estimated dollars of transactions is \$162,559.

- 3.0** Will the City of Houston be absorbing all transactions fees or will the City look at a convenience fee environment where the card holder pays the fees which will save the City thousands in processing fees.

ANSWER: Please see the response to question number 1. More generally, this issue will have to be negotiated by department.

- 4.0** What is the scope of the "City's data" that is coming from Cybersource and GovPartners' CDP system? Can we have details of this?

ANSWER: Payment Transactions are passed through for settlement. The data is being transmitted from Cybersource. For further details please review Cybersource API documentation on their website
http://www.cybersource.com/partners/financial_partner_program

- 5.0** Section 3.1.9 mentions settlement files from "current systems"; can you provide the format and scope of these files and systems?

ANSWER: The current system for ARA uses GovPartners with Cybersource as the gateway. For more detailed information related to Cybersource please review their API documentation on their website.
[Http://www.cybersource.com/partners/financial_partner_program](http://www.cybersource.com/partners/financial_partner_program).

- 6.0** Section 1.2 - Does GovPartners CDP provide any of the listed payment environments today? Which (if any) of these environments, and how many of each, would the Contractor be responsible for providing?

ANSWER: The interface for the transaction route is through Cybersource. Cybersource provides the payment transaction data to the contractor.

- 7.0** Section 1.3 Please provide details about the GovPartners CDP system. Ideally, we'd like to get contact information for a technical liaison at GovPartners so we can determine their compatibility with our processing platform. In addition, we need to determine their status as a Third Party Service Provider (TPSP) and if they are a TPSP, have they completed the appropriate registration with the Card Associations.

ANSWER: When the City enters into the selection phase of the RFP process, we will provide additional information related to the Govpartner/CDP system. The interface for Govpartner/CDP system with the contractor is through Cybersource. For further details on Cybersource, please review the API documentation on their website
http://www.cybersource.com/partners/financial_partner_program

- 8.0** Section 2.1.1 What is meant by "an automated point of sale system"?

ANSWER: It is a system which has the ability to process debit cards and process checks as an e-check.

- 9.0** Section 2.2 What are the telecom requirements for each of these departments? Will the POS terminals connect to a dedicated analog line, or to the Department's network?

ANSWER: ARA does not have POS terminals at this time. When we determine that we will use POS terminals, the use of a dedicated analog line or the department's network will be determined based on requirements.

All other department's POS terminals are connected to dedicated analog lines.

10.0 Section 3.1.3 - Does the City currently offer the option to pay by e-check and/or ACH? If so, who is the current vendor for this service?

ANSWER: PWE does not currently have e-check but would like to see something in place. All PWE transactions for credit cards are deposited by ACH. Merchant Services (Wells Fargo) is the current vendor.

HFD, HPD, and the Planning Department do not currently accept e-check or ACH.

11.0 Section 3.1.14 Please explain what is meant by "uninterrupted power supplies for all terminals and printers".

ANSWER: The terminals must be connected to electrical outlets with a battery back-up system for emergencies. This is to ensure 24/7/365 operation other than downtime due to maintenance.

12.0 Section 3.4.2 Which departments require detailed reporting containing payment description? What processing solution are these departments currently using?

ANSWER: The Administration and Regulatory Affairs Department requires detailed reporting which provides enough data to reconcile the credit card service fees, fee payment, any monthly processing charges, etc.

The Convention & Entertainment Facilities Department, Municipal Courts Administration Department, Police Department, Parks & Recreation Department and Planning & Development Department require the same type of detailed reporting as the Administration and Regulatory Affairs Department requires.

The Public Works & Engineering Department requires the same type of detailed reporting as the Administration and Regulatory Affairs Department requires in the form of monthly reports.

The Fire Department requires the same type of detailed reporting as the Administration and Regulatory Affairs Department requires. The Contractor provides a Client Reporting Online Tool.

13.0 Section 3.5.2 - What processing solution does this department currently use? What is their annual volume of credit card sales and number of transactions, separated by card type?

ANSWER: The City uses dial-up credit card terminals. ARA processes credit cards on-line via GovPartners/Cybersource. None of the departments, except Planning & Development (see Question #20), separate by card type.

14.0 Section 3.5.3 - Please provide details about the ILMS, SMART and Fire House software applications. Ideally, we'd like to get contact information for a technical liaison for these systems so we can determine their compatibility with our processing platform.

ANSWER: This is software with reporting capabilities used to track permits and inspections and to sell permits. When we enter into the selection phase of the RFP process, we will provide additional information related to departmental contacts. The Municipal Courts Administration Department will provide the technical liaison upon awarding of the contract.

15.0 Section 3.5.4 Please provide the annual volume of credit card sales and the number of transactions, separated by card type, for the Houston Police Academy.

ANSWER: The Houston Police Academy does not separate volume of credit card sales and number of transactions by card type.

16.0 Section 3.5.5.2 - Please explain what is meant by "survey capabilities".

ANSWER: A survey capability means data is accessible by the City of Houston department.

17.0 Section 3.5.6 Please provide the annual volume of credit card sales and number of transactions, separated by card type for the Parks and Recreation Department.

ANSWER: The Parks & Recreation Department does not separate volume of credit card sales and number of transactions by card type.

18.0 Section 3.5.6.1 Parks and Recreation is shown to use credit card terminals in each of their eight locations. What is being referred to when it is stated that the "Contractor must assume total responsibility for maintenance of system"? Is there some other point of sale system, software or gateway in use that must be maintained?

ANSWER: The Contractor's system shall operate 24/7/365 unless there is downtime due to maintenance. The Contractor will be responsible for maintenance of their software and their hardware if they provide it. The City only ensures that its data lines and terminals, if owned, are functioning properly.

Note: Municipal Courts has already purchased POS terminals and would like to continue using them if possible.

19.0 Section 3.5.7 Please provide the annual volume of credit card sales and number of transactions, separated by card type for the Planning and Development Department.

ANSWER: The annual volume of credit card sales and number of transactions, separated by card type for the Planning and Development Department, for 2009 is as follows:

MASTERCARD	VISA	AMERICAN EXPRESS	DISCOVER
\$55,969.12 (146)	\$38,516.80 (136)	\$67,324.63 (179)	\$1,440.10 (5)

20.0 Section 3.5.8 Please provide the annual volume of credit card sales and number of transactions, separated by card type for the Public Works and Engineering Department.

ANSWER: The Public Works and Engineering Department does not separate volume of credit card sales and number of transactions by card type.

21.0 Section 4.2.2 – Please define "flat fee processing". Does the City require this method of pricing across all Departments, or only in specific cases?

ANSWER: Flat fee processing means a fixed rate per month based on volume.

The City currently pays fees based on volume; the higher the volume the lower the fee.

For the new contract, the Convention & Entertainment Facilities Department is requesting that bidders also propose fees that are reasonable for large dollar amount transactions, so that clients paying to lease space in the convention center and other facilities will not be deterred from paying with credit cards.

22.0 Who is the incumbent Processor? How long has the City utilized their services?

ANSWER: Wells Fargo; 9 years.

23.0 Does the City intend to purchase or rent terminals from the new Contractor?

ANSWER: The City would like the Proposers to propose fees for both purchasing and leasing the terminals before making a decision, if both options are being offered.

If ARA decides to use point of sale terminals, we will evaluate both leasing and purchasing the terminals to determine the best solution for us.

24.0 Section 12.1.6 - Employers' Liability. It states, \$100 million Financial Institution Bond, including Electronic and Computer Crime. Is this a mandatory requirement of the Proposer?

ANSWER: Yes

25.0 Section 1.5 - Introduction The City desires a system portal that will allow for the future use of Spanish, in addition to English. Please elaborate on this requirement. Is this portal specific to the City's kiosk?

ANSWER: The City has multiple portals that use different systems that must connect to the vendor. The different portals may provide information in Spanish that will require the transmission of information from the portal to the Contractor for payment. It is possible that systems such as Cybersource will be used to transmit the data from one system to another.

26.0 Section 2.1.1 thru 2.1.3- The City requires that the successful Proposer provide for: the design of an automated point of sale system. Can the City clarify the questions in this section, what party is responsible for the physical design of the automated point of sale system, installation and maintenance?

ANSWER: The section states that the Contractor is responsible for the provision of the physical design of the automated point of sale system, installation and maintenance although each department will assist with the implementation in its section and some input and discussion between the Contractor and the City of Houston will be required.

27.0 Section 3.1.8.4- Notification by e-mail to the consumer and the City of all chargebacks. Please be more specific about the requirement to notify the consumer by e-mail of all chargebacks.

ANSWER: The customer would be notified of both customer initiated and non-customer initiated chargebacks to their card.

28.0 Section 4.2.7- Processing and Settlement-The system must support time out reversal requests. Please be specific as to the systems that would be utilized for the requirement to support timeout reversal requests.

ANSWER: The Contractor's system shall be required to provide the time out request.

29.0 Section 7.0 Financial Statement – Submit your company's audited financial statements, in accordance with and as defined in the Financial Accounting Board (FASB) regulations(s) for the past two years. In addition, include your Dunn & Bradstreet Report (or) Federal Tax Forms filed to the Internal Revenue Service (IRS) for the past two years.

a) As a public company, our Annual Report is published and available on our website. Will the City agree to modify this requirement to accept the webpage link as a substitute of the audited financial statements?

ANSWER: No.

b) Will the City agree to make an exception to the requirement of the Dunn & Bradstreet Report (or) Federal Tax forms filed to the Internal Revenue Service (IRS) for the past two years?

ANSWER: No. You must submit either the D&B report or the Federal Tax forms.

30.0 Are you replacing Cybersource or are you looking to have us integrate with them?

ANSWER: The Contractor shall integrate with Cybersource. ARA does not plan to replace Cybersource at this time. However, our needs may change over that timeframe. We will need the flexibility to make changes as required.

31.0 Are you looking for a merchant card services provider only?

ANSWER: No, The City of Houston is looking for a merchant services provider and standard point of sale equipment provider. The City of Houston has a pilot Kiosk and would entertain a Contractor providing such machines in the near future as well.

32.0 Is Cybersource being used for your current departments? If so, if new departments come up are you looking to utilize a different gateway?

ANSWER: ARA uses Cybersource. As new departments come up, each department will evaluate using the most appropriate gateway to meet their portal requirements.

33.0 Section 3.2.1 – Check validation. Please clarify. What level of validation are you looking for?

ANSWER: ARA is interested in risk management services, which will serve to reduce our risks associated with such payment types as check/electronic checks. Check validation services of interest include verification of NSF, open account, valid account number or routing number, and sufficient funds. The level of validation will be evaluated during the review and negotiations with individual vendors.

Planning & Development and MCAD request real-time validation verifying the customer's bank account to ensure funds are available for draft.

PWE desires check validation to verify that it is a true account. We don't think there is anything existing that actually verifies that there are sufficient funds in the bank. Our understanding is that this would be part of the E-check process.

34.0 Section 3.5.5.1 – Are you looking for representment of echeck only one time following the return, or no representment?

ANSWER: The City requests representment of echecks one time.

35.0 Section 3.5.5.2 – Please clarify what is meant by “survey capabilities”.

ANSWER: A survey capability means data is accessible by the City of Houston department.

36.0 Section 8.3 – Do you mean a discount rate for larger ticket amounts? Please clarify.

ANSWER: Yes, a discounted rate for larger ticket amounts is strongly preferred.

The Convention & Entertainment Facilities Department allows credit card payments for security deposits and license fee payments for using the Convention Center and other facilities. Those payments have been as high as \$50,000 and are commonly in the tens of thousands of dollars. We would appreciate efforts to keep fees by the processing company reasonable on larger transactions. A percentage fee of 2% on a \$50,000 transaction is a \$1,000 fee. We would prefer a fixed fee schedule for the big transactions with perhaps no more than \$25 as the fee for a \$50,000 transaction, for example.

37.0 8.1.3 & 8.1.4 – Please clarify the term “CARDnet”.

ANSWER: CardNet is a terminal based network that facilitates the card payment processing for some of the City's locations.

When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. It is the responsibility of the proposers to ensure that they have obtained any such previous Letter(s) associated with this solicitation. By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this solicitation.

If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me at 832-393-8723 or joyce.hays@cityofhouston.net.

Sincerely,

DM 
Joyce A. Hays

cc: T23378 Solicitation File

End of Letter of Clarification 1